Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of)	
Altice USA, Inc.)	
Cablevision Systems Corporation, and)	
CSC Holdings, LLC)	
-)	MB Docket No. 18-9
Emergency Petition for Injunctive)	
Relief)	

OPPOSITION OF ALTICE USA, INC. TO EMERGENCY PETITION OF STARZ ENTERTAINMENT, LLC FOR INJUNCTIVE RELIEF

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Altice USA, Inc., Cablevision Systems Corporation, and CSC Holdings, LLC (collectively, "Altice") hereby oppose the "Emergency Petition for Injunctive Relief" ("Petition") filed on January 18, 2018, by Starz Entertainment, LLC ("Starz"). The Petition is untimely and has no basis in fact, law, or policy. It is simply a transparent attempt by Starz to manipulate a regulatory process reserved for emergency situations to secure the carriage it failed to obtain based on the merits of its programming. The Commission should dismiss or deny the Petition.

- Starz Is Inappropriately Asking The Commission To Interfere In A Marketplace Business Negotiation: The Commission has recognized time and again that it has no role to play in the marketplace negotiations between cable program networks and cable operators. In every respect, the negotiation between Starz and Altice is unremarkable some are successful, and some are not. This negotiation failed not because of any violation of the Commission's rules, but because Starz sought a price that makes no economic sense for Altice and its customers. There is no Commission rule or precedent that permits this marketplace result to be overturned or upset.
- Starz Filed Its Petition For Emergency Relief Nearly Three Weeks After Starz Programming Came Off Altice Systems: Belying its assertions that the failure to reach a carriage agreement constitutes the basis for emergency relief, Starz waited nearly three weeks before seeking FCC intervention on an "emergency basis." This

fact alone shows that there is no "emergency;" it would have acted promptly if it in fact had suffered irreparable harm, but it did not.

- Altice Negotiated With The Intent To Reach A Carriage Deal: Starz's Petition is premised on the fundamentally faulty premise that Altice knew on or before December 1 that its systems would drop Starz at the end of the month. That could not be further from the truth. Altice was negotiating with Starz in good faith up through the New Year's Eve expiration of the parties' existing agreement. Altice made several reasonable carriage offers, all of which Starz rejected.
- Starz Is Undertaking A Campaign To Confuse Customers: Starz's complaints concerning Altice's failure to address customer concerns ring similarly hollow. No Commission rule or precedent should reward Starz for executing a multi-faceted public relations campaign that is providing misinformation to Altice's customers and which is expressly designed to mislead customers and disrupt Altice's call centers and customer operations. It is the height of hypocrisy for Starz to launch a campaign designed to foil Altice's ability to respond to its customers and then to complain about Altice's supposed failure to respond.
- Altice Immediately Notified Customers In Multiple Ways Of The Change In Programming: Starz's claim that Altice has failed to give adequate notice to its customers is false. The FCC requires that cable operators provide customers notice of programming changes at least thirty days in advance of the change when the change is within the control of the cable operator. In this case, Altice did not know that an agreement for carriage would not be reached, despite its numerous offers, until December 31, 2017. At that point, Altice made extensive notification to its customers that Starz is no longer available, including through advertising, its website, and via its customer service centers to ensure that customers understand their options (including the option to drop or downgrade service at no cost, to access alternative content, or even how to get Starz Online for a free trial). Altice has also revised its call center menus and informational scripts to ensure that customers get the best, most relevant information – even as Starz runs campaigns providing misinformation about refunds and directing customers to bypass automated information that would likely answer any questions immediately. Altice has not only complied with the letter and spirit of the notice requirements, it has gone far beyond what is required.

INTRODUCTION AND SUMMARY

In a self-styled "emergency" petition filed three weeks after the events giving rise to this case, Starz asks the Commission to interfere with the business relationship between two sophisticated parties who, after lengthy good faith negotiations that extended through December 31. 2017, simply could not reach an agreement. Starz has not even come close to meeting the

stringent requirements for injunctive relief under the familiar four-part test. It has failed to show a likelihood of success on the merits. It has failed to show irreparable harm. By contrast, there is little doubt that every affected party other than Starz – Altice, its subscribers, and the networks that have entered into carriage agreements in place of Starz – will all be harmed by Starz's requested relief. Finally, public interest considerations militate against the requested relief for at least two reasons: first, the additional costs that Starz seeks to impose on Altice and its subscribers in contravention of the exercise of Altice's sound business decision-making, and second, the Petition's disregard for the First Amendment considerations that invest MVPDs such as Altice with the editorial discretion to make carriage decisions.

The relevant facts provide no grounds whatsoever for Commission action. On December 31, 2017, months of negotiations between Altice and Starz to renew or extend the expiring carriage agreement under which Altice had been carrying various Starz networks reached a final impasse. Because it no longer had the legal right to carry Starz's programming, Altice removed Starz's networks by midnight, and consistent with its obligations under the Commission's rules, immediately began notifying its subscribers of these service changes using email, on-screen displays, and a dedicated website. Altice's outreach also provided subscribers with information about Starz's direct-to-consumer online service that would enable customers to access Starz content immediately.

On January 8, 2018, more than a week after Altice removed the Starz networks from its systems, Starz filed a "Petition for Declaratory Ruling, Enforcement Order, and Further Relief" alleging that Altice had violated the Commission's rules by failing to give its customers advance notice of the service changes implemented on January 1, 2018 and by failing to fulfill its obligations under the Commission's "telephone availability" customer service standards. The

January 8 Petition made no request for emergency relief. After the Commission set a February 5, 2018 deadline to respond, Starz, nearly three weeks after Altice had notified subscribers of the service changes and acting through new counsel, declared a need for "emergency" relief, seeking an immediate order directing Altice to reinstitute carriage of the Starz networks for a 30-day period. Starz's failure to seek such relief at the outset speaks volumes about its entitlement to such relief now. Most importantly, the Petition offers no basis for the relief Starz requests.

First, Starz has no likelihood of success on the merits. Altice was required to remove Starz's programming because, following the expiration of the parties' agreements and with Starz's rejection of Altice's various extension offers, Altice did not have the legal right to carry that programming. Moreover, as soon as Altice knew with certainty that it had to change its channel line-ups to remove the Starz networks, Altice not only began the process of providing all required notice of its service changes—through on-screen messages, customer emails, messages on billing statements, and an informational website—but also went above and beyond the requirements to give its customers information about various ways they could obtain Starz programming if so desired.

Although Starz purports to find support for its extraordinary request in the 2006 NFL Network case, the facts of that case are easily distinguishable from the facts here, and the reasoning underlying the Bureau's interest in requiring advance notice of potential channel losses is essentially obsolete. Here, unlike in the NFL Network proceeding, Altice provided notice to its subscribers as soon as it was apparent that carriage would not be continued. Prior to the final impasse on December 31, it was not apparent that Altice would no longer be able to offer Starz to its customers.

Moreover, to the extent that Starz seeks to apply the Bureau's order in NFL Network

more broadly – *i.e.*, by contending that absent notification of even a *potential* contract termination, carriage of that content must be extended by the Commission to ensure that consumers do not lose access even momentarily – the circumstances that led to that order have no bearing here, where Starz viewers have a variety of alternative methods of viewing Starz's programming. Whatever merit there might be to the abstract principle of providing subscribers with 30 days' notice of a potential service change, it would simply make no sense to apply that rule to this dispute where such notice would simply confuse subscribers and disrupt Altice's service offerings.

With respect to the alleged violations of the telephone availability rules, Starz presents no credible evidence of any violation, relying instead on an unsworn declaration that offers only hearsay. In reality, Altice gave its customer service representatives detailed scripts and talking points regarding the changes. To help manage the expected volume of calls, Altice also activated interactive voice response ("IVR") messaging capability on its phone systems to automatically receive, respond to, and forward incoming calls. To the extent that some subscribers experienced customer service delays, they were the result of Starz's efforts to overwhelm Altice's systems.

Starz's lack of firsthand knowledge highlights an independent reason that its claims will fail here: Starz has no standing to pursue the relief it seeks. The intended beneficiaries of the subscriber notification rules and the telephone availability rules are Altice's subscribers, not Starz. Starz's purported "understanding" that Altice's customers have been harmed cannot transform the network into an advocate or representative for Altice's subscribers. To the contrary, it is crystal clear that Starz is acting in its own best interest rather than that of Altice's customers. Finally, Starz presents no authority suggesting a purported violation of the telephone

availability rules provides a basis for ordering carriage, much less a violation alleged by a noncustomer third party such as Starz.

Second, Starz will not suffer irreparable harm without relief. The harms Starz claims to have incurred do not stem from the alleged violations and cannot serve as a basis for injunctive relief. And even if the harms did flow from the alleged violations, they are not irreparable. Any harm Starz incurred from lack of notice on December 1 that would have allowed subscribers to plan ahead to continue receiving Starz content was mitigated by Altice's immediate and extensive steps to inform subscribers how they could still access Starz content. Moreover, Starz presumably knew about any "irreparable" harm it might suffer from losing carriage when it filed its initial Petition for Declaratory Ruling on January 8, a filing in which it sought no emergency relief.

Third, Starz has disregarded the substantial harms the requested relief would cause Altice, its customers, and the programmers whose networks Altice added as replacements for the Starz services. If granted, the requested relief would effectively force Altice to restore the Starz networks to its customers' channel line-ups and remove the newly added networks, because the systems do not have the available capacity to carry both the Starz and newly added networks. At the same time, to avoid a new complaint that it has failed to give timely notice of a service change, Altice would have to give those same subscribers (who already are aware of and have had nearly three weeks to adjust to the service changes implemented January 1, 2018) a confusion-inducing notice that, in 30 days' time, the channel line-up as it exists today and has existed for the past three weeks may be restored. The resulting customer uncertainty, loss of goodwill, interference with Altice's editorial discretion, and negative impact on the financial interests of the newly added networks – several of which are independent networks for which

Altice carriage makes a meaningful difference – are all harms that weigh heavily against the grant of injunctive relief.

Finally, the public interest demands that Starz's request be denied. What Starz presents, at bottom, is unhappiness with the results of a contract negotiation. As the Commission has recognized time and again, MVPDs such as Altice are entitled to choose the programming they transmit to their customers, based on their evaluation of cost, customer preference, viewership, and numerous other factors and, except in extraordinary circumstances, to do so free of any interference from the Commission. There is no basis for the Bureau to compel Altice to carry an underperforming network on terms that Altice has determined are not in the best interests of its subscribers.

FACTUAL BACKGROUND

The Negotiations Between Altice and Starz

Prior to January 1, 2018, Altice carried Starz networks pursuant to agreements that were entered into on December 20, 2012 and December 29, 2012 with a scheduled expiration date of December 31, 2017. In March 2017, in an effort to start the negotiation early, representatives of Altice flew to Los Angeles to meet with Starz in person. Altice recommended to Starz that, to get an early start on a new or extended agreement, Starz should submit a proposal to Altice. Although the parties met several times in the summer, no Starz proposal was forthcoming until September 20, 2017. Altice expressed immediate concern about various aspects of that September 20 proposal and informed Starz that it would need some time to review and respond. Over the next two months. Altice stayed in contact with Starz, including a November 8 telephone call in which Altice provided Starz with detailed feedback.

Altice made a formal counter-proposal to Starz on November 28 for the continued carriage of the network. As a result, it would have made no sense for Altice to have informed its

customers on December 1 – 30 days prior to the expiration of the parties' carriage agreement and while waiting for Starz to respond – that it was likely to drop Starz at the end of the year. On December 4, Starz rejected Altice's counter-proposal but presented a new proposal for Altice's consideration. Negotiations continued over the next three and a half weeks, accelerating as the December 31, 2017 deadline approached. During this period, the parties met repeatedly by phone and in-person, exchanging and discussing more than a dozen proposals. Ultimately, the parties could not agree on terms that made financial sense for Altice and its customers in light of Starz's limited and declining viewership on Altice systems, as well as the ability of interested customers to purchase the content directly from Starz without Altice having to impose a cost on the majority of Altice's subscribers who lacked interest in such content. The absence of agreement did not result from a lack of effort by Altice to strike a sensible deal. Altice's proposals included, among others, an offer to carry the Starz networks on an *a la carte* basis, an offer to extend either of the existing Cablevision or Suddenlink agreements, and an offer to resell Starz's direct-to-consumer service to Altice's customers.

Altice also offered Starz a proposal for a several-day extension under which Altice would not pay for continuing to carry the Starz networks while negotiations continued, but would pay for such carriage retroactively if a deal was reached. Starz rejected this extension. Altice also offered a one-year extension of the agreements on existing terms. Starz rejected this extension as well. Nevertheless during the negotiating period, in anticipation of ultimately coming to terms, Altice expanded Starz's existing carriage by adding it to Altice's new Optimum Premier Package introduced in late 2017, and the parties continued negotiations even as late as New Year's Eve.

Moreover, while it was repeatedly expressed – and clearly understood by both sides – that if a deal was not reached by midnight on December 31. 2017. Altice would be forced to

discontinue its carriage of the Starz networks, at no point did Starz suggest that Altice should begin notifying its customers in advance of the possible deletion of the Starz networks – the supposed lack of which is the primary basis for the emergency relief it now seeks from the Bureau.

On December 31, 2017, the parties held two in-person meetings, one in the morning and one in the afternoon. But the final exchange of offers failed to produce an agreement and the second meeting ended with the parties shaking hands with the understanding that if a deal was not reached by midnight, Altice would be forced to discontinue its carriage of the Starz networks, and agreeing that both sides had tried to reach a deal. Starz thanked Altice for its "professionalism" during the negotiating process. At midnight, with no agreement in hand and no new communications taking place between the parties, Altice's management concluded it had no choice but to remove the Starz network feeds from Altice's systems and so instructed its operations team. Altice and Starz have continued negotiations post-December 31 in an effort to strike a new carriage deal. However, as of January 22, 2018, while Altice continues to be interested in offering Starz to those customers that are interested in paying for it, similar to deals Starz has with other cable operators, Starz does not appear to be interested in reaching such an agreement.

Other Programming Changes

At the time that Altice removed the Starz networks from its systems, it added various other networks to its channel line-ups in the exercise of good faith business judgment to create a programming line-up that reflects the best value for Altice's customers. Those networks include Hallmark Drama Channel, MGM HD Channel, The Sony Movie Channel, The Cowboy Channel. and expanded distribution of FLIX. Some subscribers also began receiving HBO or Showtime at

a discount, and/or TMC at no additional charge for 12 months, an \$11.95 retail value. (The exact menu of replacement service varied by system and programming package). Altice had negotiated contingency carriage agreements with these channels in case negotiations with Starz fell through, a common practice in contentious carriage negotiations.

Notification of Programming Changes

Immediately prior to the removal of the Starz network feeds from Altice's systems and the addition of the substitute channels (*i.e.*, at 11:59 PM on December 31, 2017), Altice began notifying its customers of the changes in their channel line-ups. Altice posted an on-screen message on channels previously occupied by Starz informing customers that Starz programming would no longer be available on Altice's channel line-ups and advising customers to visit a dedicated website page (optimum.net/starz) for additional information. The website notice offered information about the changes in the channel line-ups, and also notified customers that "[i]f you wish to continue to watch Starz and Encore, you can purchase it directly through Starz at www.starz.com or via their Android/IOS app" and that Hulu (available to many Altice customers directly via their HD cable boxes) also offers past seasons of many Starz shows.

In addition to the onscreen slate and dedicated website, Altice sent targeted (by programming package) email blasts to its customers and included information about the service change in customers' next billing statement. Finally, Altice provided its customer service representatives with detailed scripts and talking points for responding to consumer inquiries about the service change and activated IVR messaging capability to provide recorded information to callers and help direct their calls. Through these communications, Altice informed customers that if they elected to downgrade or disconnect service within 30 days, they would not be charged any downgrade or disconnect fee, and that if they had pre-paid their

services, they would be entitled to a refund if they chose to disconnect. Subscribers who were billed for Starz *a la carte* for the month of January were informed that they would receive a bill credit on the next month's billing statement.

<u>Customer Service Telephone Responsiveness</u>

Contrary to Starz's unsupported suggestions, Altice did not divert telephone inquiries. To the extent some subscribers may have encountered delays in connecting to Altice or reaching a customer service representative immediately following the service changes, such delays were deliberately compounded by Starz. Starz immediately launched a website (keepstarz.com), and ran ads in the *New York Times* and on the front page of the *New York Post*. It also ran numerous television ads, including during the NFL playoffs, and began a social media campaign that included the dissemination of messages from celebrities and collectively reached at least twenty million Instagram followers and over ten million Twitter followers. 17 These efforts were deliberately designed to overwhelm Altice's ability to respond to its customers, asking the recipients of those messages to call Altice and complain, even though many viewers receiving these messages and advertisements were not even within the geographic area affected. Further, these advertisements misleadingly told viewers to call Optimum and demand an \$11.95 refund. even though that amount vastly exceeded the cost of the network, 21 and suggested that in the absence of Altice carriage, subscribers would have no way of receiving Starz content. Starz's efforts to disrupt Altice's customer service efforts demonstrate the hollowness of its claims now that it is seeking emergency relief for the benefit of Altice's customers.

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See Attachment A.

See Attachment B. By asserting that its networks should be valued at \$11.95. Starz assumed that networks should be valued at nearly 20% of the video package subscribers receive. (\$11.95 was the value of the Starz networks a la carte, but those customers automatically received pro-rated refunds.)

ARGUMENT

The Commission's four-pronged test for determining whether to grant emergency injunctive relief such as the mandatory carriage order sought by Starz, places a heavy burden on the petitioner^{3/} to demonstrate that (1) it is likely to prevail on the merits; (2) it will suffer irreparable harm if the injunctive relief is not granted; (3) other interested parties will not be harmed if the injunction is granted; and (4) the public interest favors grant of the injunction.^{4/} Starz has failed to meet that burden.

A. Starz Has Not Demonstrated A Strong Likelihood Of Success On The Merits Of Its Claims That Altice Violated The Commission's Subscriber Notice Rule Or The Telephone Availability Standards.

Altice clearly satisfied the Commission's notice requirements by notifying subscribers "as soon as possible" of the changes in their programming service.^{5/} Indeed, as detailed above, it did so within minutes of learning on December 31, 2017 that the change had to occur. Starz's

Sky Angel U.S., LLC, Emergency Petition for Temporary Standstill, 25 FCC Rcd 3879, ¶ 6 (2010).

Virginia Petroleum Jobbers Ass'n v. Federal Power Comm'n, 259 F.2d 921, 925 (D.C. Cir. 1958), as modified by Washington Metropolitan Transit Comm'n v. Holiday Tours, Inc., 559 F.2d 841 (D.C. Cir 1977). See, e.g., Regulation of Prepaid Calling Services, Order, 22 FCC Rcd 5652 (2007); Redesignation of the 17.7-19.7 GHz Frequency Band, Blanket Licensing of Satellite Earth Stations in the 17.7-20.2 GHz and 27.5-30.0 GHz Frequency Bands, and the Allocation of Additional Spectrum in the 17.3-17.8 GHz and 24.75-25.25 GHz Frequency Bands for Broadcast Satellite-Service Use, Third Order on Reconsideration, 19 FCC Rcd 10777, ¶ 25 (2004); Auction of Licenses for VHF Public Coast and Location Monitoring Service Spectrum, Order, 17 FCC Rcd 19746, ¶ 12 (2002).

⁴⁷ C.F.R. § 76.1603(b) (requiring customer notifications of changes in service "as soon as possible" and at least 30 days in advance "if the change is within the control of the cable operator"); 47 C.F.R. § 76.1603(c) (describing same test as requiring thirty days' notice for changes "implement[ed]" by the cable operator). While Starz cites Section 76.1603(c) for support, that provision is inapplicable here, as it is a part of the rate regulation scheme that was repealed. *See Implementation of the Cable Television Consumer Protection and Competition act of 1992: Rate Regulation*, 8 FCC Rcd 5631, 5713 & 5841 n.819 (1993) (adopting Section 76.1603(c), then designated as 47 C.F.R. 76.964, to ensure notice of cable programming service tier (CPST) rate increases to facilitate the ability of local franchising authorities to file rate complaints and expressly distinguishing between the notice required under the generally applicable customers service standards (the predecessor to Section 76.1603(b)) and the notice rules adopted for rate regulated services). Because the Commission no longer has jurisdiction over CPST rates and none of the systems served by Altice is otherwise subject to local rate regulation. Section 76.1603(c) notice is inapplicable.

contrary argument is based almost entirely on the *NFL Network* case, ^{6/} a 2006 Bureau decision that is distinguishable on its facts and would make no sense to apply to the circumstances presented here. As a result, Starz cannot carry its burden of showing that it is likely to succeed on the merits.

On December 1, 2017, Altice was not in control of whether or not Starz's carriage would be terminated. Negotiations were still very much ongoing for a new carriage agreement, neither Starz nor Altice had any reason to expect those negotiations would not result in a new carriage agreement, and in fact, whether or not there would be an agreement for continued carriage of the Starz networks was in Starz's control because Altice was waiting to hear whether Starz was going to accept Altice's then-pending carriage proposals.

Altice's continuing efforts to strike a deal distinguish this proceeding from *NFL Network*, where Time Warner Cable had made a decision not to carry NFL Network that could have been communicated to its subscribers. By contrast, the facts here show that Altice continued to make efforts through December 31 (and indeed beyond) to try to strike an acceptable carriage deal with Starz. Starz's suggestion that Altice had long determined to terminate carriage is simply untrue and belied by the parties' continuing negotiations throughout 2017 initiated at the behest of Altice in March; the many different carriage proposals Altice submitted to Starz over months of negotiations; the new paths to carriage that Altice offered Starz in December; Altice's decision to launch Starz on Altice's new "Premier" package in November 2017; Altice's offer to extend existing carriage deals; and Starz's own acknowledgement after the negotiations had

Time Warner Cable, Order, 21 FCC Rcd 8808 (2006), Order on Reconsideration. 21 FCC Rcd 9016 (2006).

reached a final impasse that both sides had tried to reach an agreement and its recognition of Altice's "professionalism" during the negotiations.^{7/}

The policy behind interpreting cable operators to have "control" over carriage decisions well before carriage negotiations conclude has also changed. While the Bureau then noted the importance of construing cable operator "control" broadly because subscribers would need time to switch MVPDs if they wanted to obtain the programming, this assumption no longer applies. Subscribers today have multiple ways to watch a particular programming network. Here, the Starz networks were immediately available to subscribers via Starz's own online product; Starz programming was still available to many Altice customers through the Altice set-top box via Hulu; Starz was available through Amazon Prime and Apple's iTunes, and past Starz programming could be accessed on multiple VOD platforms, including those offered by other MVPDs. Any of those platforms is an acceptable replacement for carriage on Altice systems that can be implemented in a matter of minutes, obviating the need for 30 days' notice of potential channel deletions.

With respect to the alleged violation of the telephone availability rules, Starz likewise cannot succeed on the merits of its claim. Starz asserts – without offering any proof – that telephone calls asking about the Starz networks' removal were diverted and not answered. Starz provides no supporting evidence for those allegations beyond an unsworn declaration that states

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See infra pp 7-9. Starz attempts to make much of the fact that Cablevision had contingency plans for alternative programming in case negotiations failed, but such planning is routine in any contentious carriage negotiation. Starz also claims that Altice treated Starz networks differently than other networks, by informing customers further in advance that TAG Games and The Chiller Network would be deleted, but that argument is baseless: unlike with the Starz networks. Altice knew for certain more than 30 days in advance that those other networks would no longer be carried.

only that Starz "understands" that customers had trouble reaching Altice.^{8/} That is no substitute for evidence required from a party seeking the extraordinary injunctive relief Starz seeks here.

In reality, as described above, Altice's program for informing subscribers about the service changes that occurred on January 1, 2018 and for responding to subscriber inquiries included providing customer service representatives with detailed scripts and talking points regarding those changes. To help manage the expected volume of calls, Altice also activated IVR messaging capability on its phone systems to automatically receive, respond to, and forward incoming calls.

To the extent some subscribers may have encountered occasional delays in reaching a representative via telephone, that delay was exacerbated by Starz's website, newspaper and television advertisements, and social media campaign designed to overwhelm Altice's ability to respond to its customers.

Starz provided members of the public (not limited to Altice's customers) instructions on how to flood different parts of the call center and a script to use in contacting Altice. It also widely disseminated messages from celebrities encouraging members of the public to call Altice and explaining how to bypass the self-help menu. ^{9/} Further, executive producer and actor of Starz's series, *Power*, Curtis Jackson, known as 50 Cent, actually posted a video showing him following and threatening to ram into and harm an Optimum service truck for "f***ing with his series." ^{10/} Having expended extensive and improper efforts to drive up Altice's call volumes with complaints, Starz should not now be heard to complain that those efforts in some cases

Petition at 7.

^{9/} See Attachment B.

https://instagram.com/p/BeJIZIvIXug/.

succeeded.^{11/} And having sought to overwhelm Altice's ability to respond to its customers, Starz can scarcely position itself as the protector of the telephone availability rules.

Finally, Starz cannot succeed on the merits of these claims because it has no standing to assert them. The Commission's rules limit participation to "interested parties." The customer service standards that Starz alleges were violated were not enacted for Starz's benefit, but rather for the benefit of consumers. In contrast to rules designed to address carriage disputes between content providers and distributors, such as the retransmission consent rules, the program carriage rules, and the program access rules, all of which provide for complaints, the customer service rules contain no such procedures because they are not meant to be enforced by private actions. The Petition should be dismissed on this basis alone.

B. Starz Has Not Shown That Altice's Alleged Violation Of The Commission's Service Change Notice Rule And The Telephone Availability Standard Will Cause It Irreparable Harm.

Starz fails to show that any violation of those rules has caused it irreparable harm that can only be remedied by such relief. The harms it claims to have suffered neither flow from the alleged rule violations nor are irreparable.

Moreover, the telephone answering rules apply only in times of "normal operating conditions," 47 CFR 76.309(c)(4)(ii), which would exclude times in which a third party deliberately floods the call center with unanticipated call volume.

⁴⁷ CFR 76.7(a)(1).

Implementation of Section 8 of the Cable Television Consumer Protection and Competition Act of 1992, Consumer Protection and Customer Service, Report and Order, 8 FCC Red 2892, ¶ 21 (1993) ("Customer Service Order") (stating that compliance with the rules is a matter of concern to local franchise authorities, which can provide "local resolution of individual subscriber complaints that cannot be resolved between the cable operator and its customer.").

See 47 CFR § 76.1003, 47 C.F.R. § 76.61, 47 CFR § 76.1302.

In fact, over time, there has been substantial debate over whether the Commission is meant to enforce these rules at all, or whether they were meant to be reserved for local franchising authorities to enforce. *Customer Service Order*. ¶ 19, 21.

Starz's claim that it is irreparably harmed by Altice's actions because it is not currently carried, ^{16/} even if accepted, does not flow from the alleged violations and cannot serve as the basis for injunctive relief. Regardless of whether or not Altice had given notice on December 1 or answered all telephone calls on time, Starz still would not be carried on Altice systems today because the parties have no carriage agreement and Starz rejected Altice's extension offers.

To try to make its argument for relief plausible, Starz's position is that under the notice rule, it was entitled to *another* month of carriage after the time on which it was clear that the services would be dropped, and has been harmed by lack of such carriage, but the rule clearly cannot be interpreted to require this result. The notice rule was not intended to, nor is it able to, extend carriage agreements.^{17/} Indeed, if the rule were designed to work this way, the language specifying that cable operators should give notice "as soon as possible" when thirty days' notice is not possible would be superfluous. Because the rule did not require continued carriage, Starz's lack of carriage is not irreparable harm supporting a claim for injunctive relief.

None of the purported harms identified by Starz rise to the level of irreparable harm to support the relief it seeks.

First, Starz's own conduct belies any notion that it has been irreparably harmed by Altice's carriage decision. Extraordinary relief of the type sought by Starz requires extraordinary

See Petition at 17-19.

Section 544(f) of the Communications Act expressly states that the Commission "may not impose requirements regarding the provision or content of cable services except as expressly provided in this subchapter." Nothing in the Act gives the Commission express authority to extend an expired carriage agreement because inadequate notice has been given to subscribers or franchising authorities regarding a service change. If Congress, or the Commission in its rules, had wanted to specify that a channel may not be dropped unless adequate notice is given, it could have done so. In this regard, the notice rule is very different than the "sweeps" rule (since repealed by Congress) that was relied on to compel Time Warner Cable to restore certain broadcast stations to its systems even though there was no agreement between the parties. *Time Warner Cable*, 15 FCC Red 7882, 7884-85 (CSB 2000).

diligence in pursuing such relief. Starz, however, waited nearly three weeks to claim that it faced an "emergency" situation, changing its tune only after changing its counsel.

Second, the deletion of carriage by Altice on systems serving several million subscribers does not rise to the level of irreparable harm. It may result in lost revenue by Starz, but it is well settled that such economic harm is not irreparable. To the extent that Starz seeks to get around that conclusion by relying on the Bureau's NFL Network decision, the facts there are again easily distinguishable. The beginning of Starz's season, unlike that of the NFL, is not uniquely tied to any particular month; Starz has launched original programming in various months of the year. Moreover, unlike live NFL games, Starz's original programming is prerecorded and not timesensitive; it does not lose its value if not watched the moment it becomes available.

Third, Starz itself had the means and incentive to mitigate or even eliminate the harms it claims it is directly suffering, and failed to do so. Starz could have accepted one of Altice's many carriage proposals, including a proposal for a short, one-year extension on existing terms or a several-day carriage extension with a true-up of fees upon reaching a permanent deal. It did not. Alternatively, Starz could have attempted to reach Altice's customers by marketing its direct-to-consumer online product prior to the contract expiration. It did not. In fact, Starz failed to do anything to mitigate its viewer losses. Its failure to do – and thus, the possibility that some

See, e.g., Press Release, Starz Original Limited Series "Howards End" Releases Official Trailer and April 2018 Premiere Date, (Dec. 7, 2017), https://mediaroom.starz.com/news/starz-original-limited-series-howards-end-releases-official-trailer-and-april-2018-premiere-date; Press Release, Starz Is in the Ash-Kicking Business - Greenlights Second Season of Original Series "Ash vs Evil Dead" in Advance of Series Premiere on October 31, The Futon Critic (Oct. 28, 2015), http://www.thefutoncritic.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-original-series-ash-vs-evil-dead-in-advance-of-series-premiere-on-october-31-">http://www.thefutoncritic.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-original-series-ash-vs-evil-dead-in-advance-of-series-premiere-on-october-31-">http://www.thefutoncritic.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-original-series-ash-vs-evil-dead-in-advance-of-series-premiere-on-october-31-">https://mediaroom.starz.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-original-series-ash-vs-evil-dead-in-advance-of-series-premiere-on-october-31-">https://mediaroom.starz.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-original-series-ash-vs-evil-dead-in-advance-of-series-premiere-on-october-31-">https://mediaroom.starz.com/news/2015/10/28/starz-is-in-the-ash-kicking-business-greenlights-second-season-of-october-31-

^{919510/20151028}starz01/; STARZ Limited Series "Flesh and Bones" Unflinchingly Explores the Dysfunction and Glamour of the Ballet World: "Flesh and Bones" Premieres Sunday, November 8 at 8 PM ET/PT. TV WEEKLY NOW (Oct. 29, 2015) http://www.tvweeklynow.com/news-blogs/news-blogs-Ricks/starz-limited-series-flesh-and-bones-unflinchingly-explores-the-dysfunction-and-glamour-of-the-ballet-world.htm.

Altice customers no longer receive Starz – cannot serve as the basis for a claim of irreparable injury.^{19/}

Moreover, the harm to the network that the Bureau identified in *NFL Network* – the potential loss of time for viewers to switch to another MVPD that carried the NFL Network – is today far less relevant, since subscribers' ability to obtain content from various sources has changed significantly since 2006. The loss of Altice carriage does not mean that subscribers to those systems are lost viewers to Starz. Subscribers wishing to retain access to Starz content have multiple means of doing so, including Starz's own online service and Hulu. Indeed, while Starz cites the launch of its new series, *Counterpart*, on Sunday, January 21 as an example of the harm caused to it by not being available on the Altice systems, ^{20/} that episode was made available on streaming services on January 20, the day before its "official" premiere. ^{21/} Additionally, Altice made sure that it would not interfere with Starz's ability to attract subscribers through alternate means by offering credits and waiving disconnect or downgrade fees to customers who had prepaid for a package that included Starz so that anyone could make different arrangements to access Starz, and offered multiple times to support such transition of those interested customers.

C. Starz Has Not Shown That Altice, Its Subscribers, And Its Affiliates Will Not Be Harmed By The Requested Relief.

Contrary to Starz's position that no parties would be harmed by grant of its requested relief, restoring Starz carriage would harm Altice, its subscribers, and the programming services that have been newly added to the Altice channel line-ups.

See, e.g., Second City Music, Inc. v. City of Chicago, 333 F.3d 846, 850 (7th Cir. 2003) ("[S]elf-inflicted wounds are not irreparable injury.).

^{20/} Petition at 18.

See www.amazon.com/dp/ B077MVJ553/?ref=DVM_US_JK_PS_B_STZCPPAb1%7Cc_76828414570634_m_hBFfA6Rb-dc_.

The relief Starz seeks would cause considerable confusion for and harm to Altice's customers. Subscribers have just gone through a service change, and over the last three weeks, have become accustomed to and interested in the new channels they are receiving. Starz's requested relief would require Altice to drop those channels for a short time, reinstate Starz, and then drop Starz and reinstate the original channels following a thirty-day period – a result that would cause substantial customer confusion and unhappiness, which would work to the detriment of those customers as well as causing damage to Altice's customer relationships and brand.

Starz's requested relief would also injure the programmers Altice added to replace the Starz networks, which would lose carriage if the Starz networks were restored. The Petition utterly fails to take this harm into account.

Finally, the relief Starz seeks will cause harm to Altice. Altice will be forced to pay for programming its customers are watching less, intruding on Altice's good faith business judgment as to how to best offer value to its customers. Starz's efforts to sidestep this harm by asserting that it is willing to place any fees it receives during the period of mandated carriage in escrow misses the point. Starz does not commit to return these fees to Altice if, after having carried the Starz networks for 30 days and given another round of notice, Altice again removes the channels. Given Starz's rejection of Altice's carriage proposal under which the Starz networks would have remained on the Altice systems for several days for free, with a retroactive true-up if a final deal was reached, it seems unlikely that Starz would return those funds. Forcing Altice to pay for programming at a price point and new contract terms that do not reflect Altice's judgment as to the actual value of the Starz networks to its customers is a substantial harm.

Altice will suffer additional harm from being forced to offer a product that it has already

determined does not reflect the best interests of its subscribers and so its best business interests. Loss of the right to choose whether to speak and what to say, and the compelled speech and displacement of other speech that would result from grant of the injunction, is significant and irreparable harm.^{22/}

Starz does not address *any* of these harms, arguing only that subscribers are harmed when they have already paid for programming that is then removed. However, (1) those subscribers have received numerous new programming services that Altice believes will add value for subscribers; (2) it is well established, both generally and expressly in Altice's Terms of Service, that cable operators do not guarantee any particular programming will be included in their service offering; and (3) for those customers that subscribed to Altice or a particular tier of carriage to receive Starz, and now want to discontinue service or switch to a different level of service because Starz is no longer available, Altice is offering pre-paid customers refunds or credits.

D. Starz Has Not Shown That The Public Interest Favors Granting The Requested Relief.

Starz has not shown that the public interest would be served by restoring its networks to carriage for a short time, nor could it. As programming costs rise rapidly, Altice must make its best business judgment about what programming services to carry, and whether those services are popular enough at the right cost to make them available on a widely-received tier, or are more appropriately made available for purchase to subscribers who want them. The Commission

See Turner Broadcasting System v. FCC, 512 U.S. 622, 636 (1994); Riley v. Nat'l Fed. Of the Blind, Inc., 487 U.S. 781, 790-91 (1988); Miami Herald Publ'g Co. v. Tornillo, 418 U.S. 241, 258 (1974). See also See McDermott ex rel. NLRB v. Ampersand Publ'g, LLC, 593 F.3d 950, 958 (9th Cir. 2010) ("[T]hose seeking such injunctive relief must establish particularly strong showing of likelihood of success and irreparable harm if there is some risk of offending First Amendment rights in the process."); Overstreet v. United Bhd. Of Carpenters & Joiners of Am., Local Union No. 1506, 409 F.3d 1199, 1208 n.13, 1209 (9th Cir. 2005).

long has observed that "public policy requires that we avoid unnecessary regulatory interference regarding contracts entered into by consenting parties." ²³/

Starz here is trying to convert a Commission rule designed to keep subscribers informed into a tool to achieve business goals it could not achieve in negotiations. The public interest favors rejecting this attempt.

EchoStar Communications Corp. v. Fox/Liberty Networks LLC, 13 FCC Rcd 21841, ¶ 20 (1998) ("EchoStar v. Fox/Liberty Initial Order"). See also Actions Taken Under Cable Landing Act, 20 FCC Rcd 8557, n.12 (2005) ("It is long-standing Commission policy to not involve itself with private contract disputes."); Applications of Verestar, Inc. for Consent to Assignment of Licenses to SES Americom, Inc., 19 FCC Rcd 22750, ¶ 16 (2004) ("It is long-standing Commission policy not to involve itself with private contract disputes."); Bank America & SA, Assignor, and Customtronics, Assignee, 16 FCC Rcd 15772, ¶ 5 (2001) (declining to address merits of a petition in light of the Commission's long-standing policy of repudiating involvement in contractual disputes); O.D.T. International, For Voluntary Assignment of License of Station KILU (FM). 9 FCC Rcd 2575, ¶ 9 (1994) (the Commission has consistently held that it is not the proper forum for resolving contractual matters).

CONCLUSION

For the reasons discussed herein, the Commission should deny the Petition.

Respectfully submitted,

/s/ Tara M. Corvo

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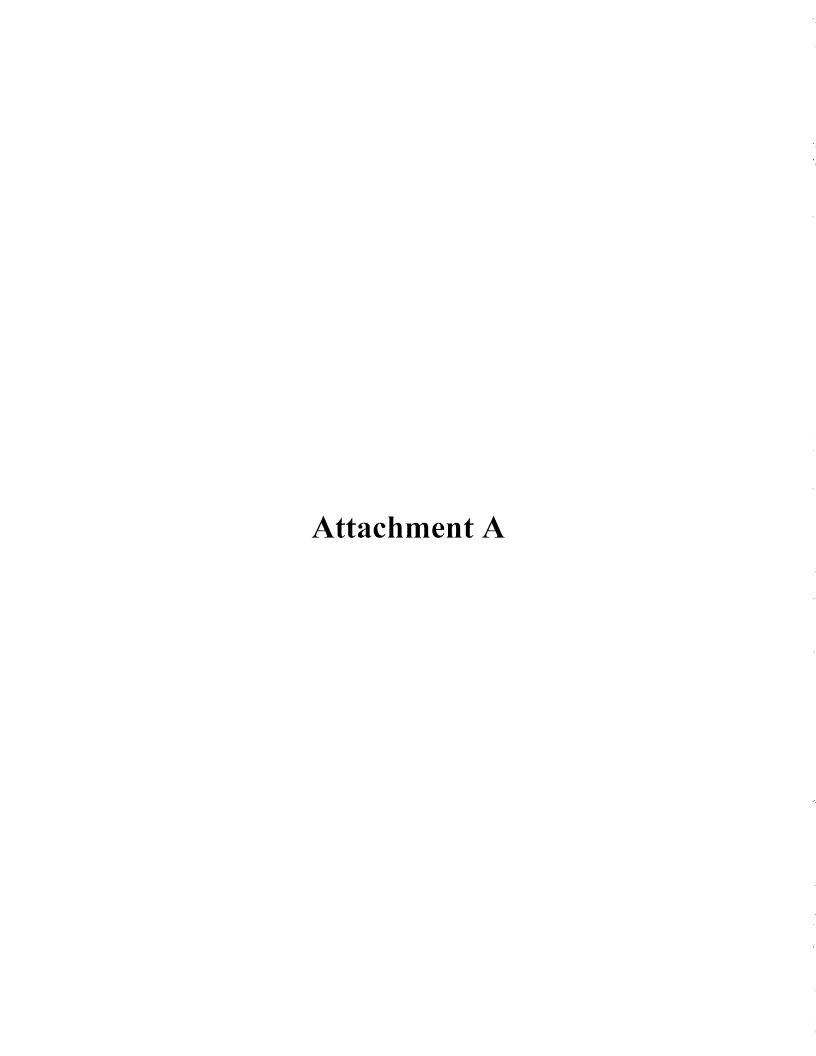
Jay Cohen George W. Kroup Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas New York, New York 10019 (212) 373-3000

January 23, 2018

VERIFICATION

I, Michael Schreiber, Executive Vice President and Chief Content Officer, Altice USA, Inc., have read the foregoing "Opposition of Altice USA, Inc. to Emergency Petition of Starz Entertainment, LLC for Injunctive Relief," and hereby declare, under penalty of perjury, that the factual information contained herein is true to the best of my knowledge, information, and belief.

Michael Schreiber



December 30, 2017

50 Cent's Instagram Page (16.9 million Instagram followers):

https://www.instagram.com/p/BdWBlxYldPp/



Omari Hardwick's Instagram Page (2.1 million Instagram followers):

https://www.instagram.com/p/BdWAbM8FkgJ/



Omari Hardwick's Twitter Page (237K Twitter followers):

https://twitter.com/OmariHardwick/status/947239306418098176



Joseph Sikora's Instagram Page (1 million Instagram followers):

https://www.instagram.com/p/BdV0TW3lbue/



Catriona Balfe's Twitter Page (307K Twitter followers)

https://twitter.com/caitrionambalfe/status/947287279621435392



Maril Davis's Twitter Page (64.1K Twitter followers):

Q 210

TJ 695

① 1.5K

https://twitter.com/TallShipProds/status/947172908186480640



December 31, 2017

Ronald Moore's Twitter Page (116K Twitter followers):

https://twitter.com/RonDMoore/status/947355457751879681



January 1, 2018

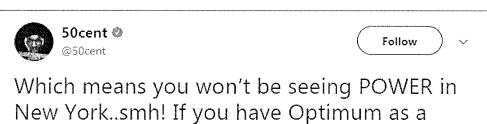
50 Cent's Instagram Page (16.9 million Instagram followers):

https://www.instagram.com/p/BdbMME_FRFM/



50 Cent's Twitter Page (9.61 million Twitter followers):

https://twitter.com/50cent/status/947985383421349890



cable carrier call and complain. #denofthieves #denofthieves Jan 19



7:18 PM - 1 Jan 2018

335 Retweets 789 Likes



Q 114

[] 335 () 789

 \square

Omari Hardwick's Instagram Page (2.1 million Instagram followers):

https://www.instagram.com/p/BdbAucJFJOO/



Joseph Sikora's Instagram Page (1 million Instagram followers):

https://www.instagram.com/p/BdbCkSHljKc/



 \square

Ronald Moore's Twitter Page (116K Twitter followers):

https://twitter.com/RonDMoore/status/947947823940583424



Follow

Please ask @Optimum to bring back Starz in NY/NJ. Visit KeepSTARZ.com to take action. #KeepSTARZ



4:49 PM - 1 Jan 2018

289 Retweets 950 Likes 🕒 👸 🐉 👵 🐧 🐧 🚳













Catriona Balfe's Twitter Page (307K Twitter followers)

https://twitter.com/caitrionambalfe/status/947960337667522560



Follow

Oh no looks like if you live in the NY/NJ area Optimum will no longer carry Starz. Ask @Optimum to bring back OUTLANDER Don't miss the next season! Call 844-71-STARZ and tell them no! #KeepSTARZ



5:38 PM - 1 Jan 2018



January 4, 2018

Omari Hardwick's Instagram Page (2.1 million Instagram followers):

https://www.instagram.com/p/Bdoan4rFZKd/



January 6, 2018

50 Cent's Twitter Page (9.61 million Twitter followers): https://twitter.com/50cent/status/949842964209197056



Omari Hardwick's Twitter Page (237K Twitter followers):

https://twitter.com/OmariHardwick/status/949830192280858624

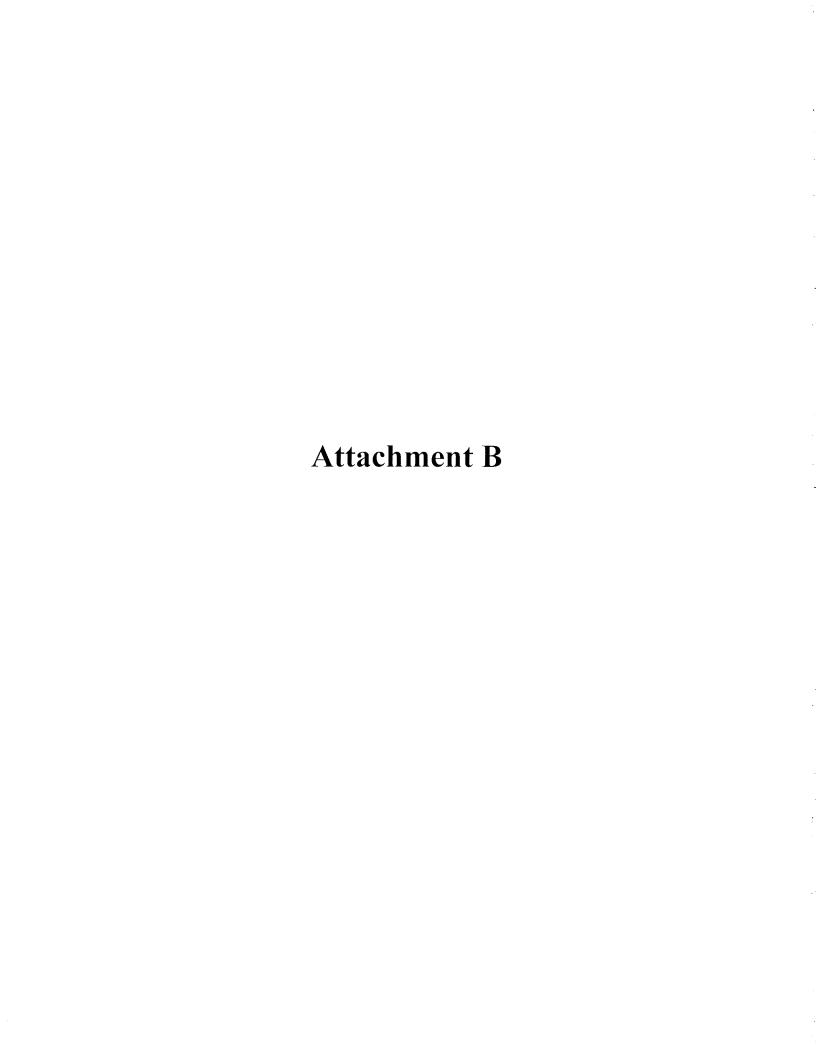


January 7, 2018

Joseph Sikora's Twitter Page (114K Twitter followers):

https://twitter.com/JosephSikora4/status/950018942856257537





Initial pop-up image:

OPTIMUM HAS DROPPED STAR

Optimum should tell customers the truth.

Optimum told customers STARZ pulled their channels. This is false!

While STARZ was negotiating with Optimum, without notice to customers, Optimum pulled all STARZ channels effective 12:01 a.m., Jan. 1, 2018.

What can YOU do?

Call Optimum at 844-71-STARZ now and demand an \$11.95/month credit!

Or you can get STARZ through one of our trusted partners:

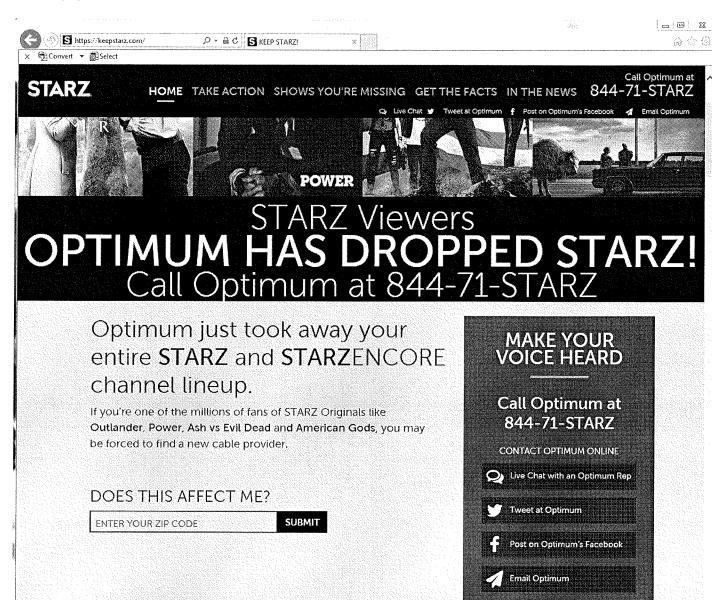
amazon channels



desh



verizon√



TAKE ACTION

Never underestimate the power of a phone call.

You can make sure Optimum brings back your favorite STARZ Originals. While every action helps, phone calls are the biggest way to make an impact.

- 1. Dial 844-71-STARZ
- Tell Optimum you will switch to another provider if they don't bring back STARZ
- 3. Say you refuse to pay the same for fewer channels

Make sure your voice is heard by also taking to social media. We've made it easy to blow up Optimum's Facebook and Twitter feeds. Just use the links provided.

The secret to getting a live representative

After calling Optimum and providing your account information, say "change service" to bypass additional automatic system questions and get connected to a live representative.

You can also contact Optimum by email.

Make Optimum bring back your favorite shows. Just click on the button below to fill out the form.





SHOWS YOU'RE MISSING



























GET THE FACTS

For STARZ to deliver continued programming to your home, we must negotiate agreements with service providers like Altice, the parent company of Optimum.

We know situations like this can be confusing. Below, we've tried to clarify some key points. If you have additional questions, you may contact Optimum at 844-71-STARZ.

Optimum has chosen to let their contract with STARZ expire.

That means, if you have Optimum cable service from Altice, you're affected.

Altice is the parent company of Optimum.

Altice purchased Cablevision in 2016. As the parent company that provides the Optimum cable television service, Altice ultimately controls what channels are broadcast to Optimum customers.

Optimum has chosen to drop all STARZ channels, rather than make a good faith effort to work towards an agreement that would keep STARZ on the air for Optimum customers.

STARZ is committed to developing strong, mutually beneficial relationships with our distribution partners, but doing so requires good faith efforts from all parties. So far in contract negotiations, Altice continues to insist on unreasonable and extreme deal terms. STARZ continues to make every effort to reach a new deal with Optimum.

You can make sure Optimum brings back STARZ.

Make your voice heard! Call Altice, your Optimum provider at 844-71-STARZ or send them a message on social media. Just click on the Facebook and Twitter icons on this page, and you can leave your provider a message right now.

You've lost more than just STARZ.

All STARZ channels have been taken from Optimum subscribers. That includes STARZ, STARZ Edge, STARZ In Black, STARZ Comedy, STARZ Cinema, STARZ Kids & Family, STARZENCORE, STARZENCORE Action, STARZENCORE Classic, STARZENCORE Black, STARZENCORE Family, STARZENCORE Suspense, STARZENCORE Westerns, STARZENCORE Español and Movie Plex channels.

If you have additional questions, you may contact Optimum at 844-71-STARZ.

IN THE NEWS

NOV 30, 2017

Industry

ALTICE SHARES DROP DOWN TO NEW LOWS

NOV 01, 2017

Industry

ALTICE PUSHES RATE HIKES ON OPTIMUM CUSTOMERS

OCT 11, 2017 Industry NOT SO DIFFERENT: ALTICE RAISING OPTIMUM RATES NOVEMBER 1

OCT 10, 2017 Industry ALTICE RAISING SUBSCRIPTION FEE FOR OPTIMUM CUSTOMERS AFTER DISNEY DEAL

JUL 28, 2017 Industry

STARZ, LIONSGATE & LIBERTY GLOBAL TEAM ON SPY THRILLER 'THE ROOK' WITH STEPHENIE MEYER, STEPHEN GARRETT – TCA

JUN 23, 2017 Original Programming 'POWER': WHEN STARZ BEGAN TARGETING
AFRICAN-AMERICAN VIEWERS, IT PAID OFF WITH
MORE RATINGS AND SUBSCRIBERS

JAN 18, 2017 Original Programming 'OUTLANDER' WINS PEOPLE'S CHOICE AWARD FOR FAVORITE TV SHOW

JAN 08, 2016 Original Programming STARZ TARGETING LATINO AUDIENCES WITH THREE NEW PROJECTS

CERTIFICATE OF SERVICE

I, Elana R. Safner, hereby certify that on this 23rd day of January, 2018, copies of the foregoing Opposition of Altice USA, Inc. to Emergency Petition of Starz Entertainment, LLC for Injunctive Relief were served by first-class U.S. mail, postage prepaid, upon:

R. Michael Senkowski DLA Piper LLP (US) 500 8th Street, NW Washington, DC 20004

Edward Smith
DLA Piper LLP (US)
500 8th Street, NW
Washington, DC 20004

Elana R. Safner

Elana R. Safner